

Note: Throughout the year *Kentucky Energy Watch* will be providing a series of "Special Editions" focusing on energy topics of interest to our readers. This edition provides an overview on electricity price, use and bills in Kentucky. All data are from the U.S. Department of Energy, Energy Information Administration.

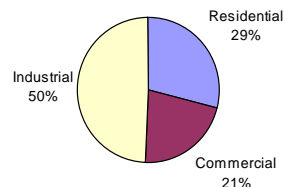
Bottom Line: Kentucky is an energy intensive state. More than 90% of the electricity produced in Kentucky is from coal, which keeps energy costs low. As a result of low electric rates, there has been less of an incentive in Kentucky to conserve energy and to invest in energy efficiency compared to most areas of the country.

High energy use, despite low electric prices, results in relatively high electric bills for Kentucky's customers. Electric bills will continue to rise with increasing electricity prices unless energy use declines. Our relatively high consumption means that we have great opportunity to capture savings. Kentuckians can effectively reduce energy use and their energy bills through energy efficiency.

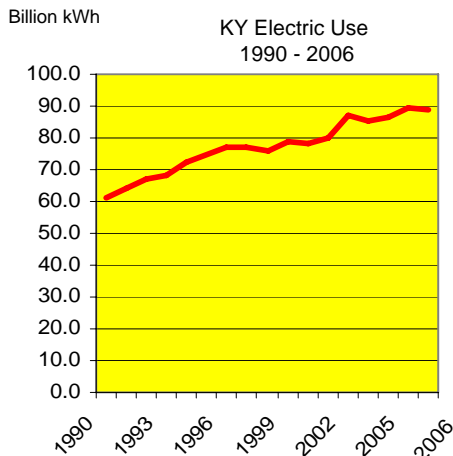
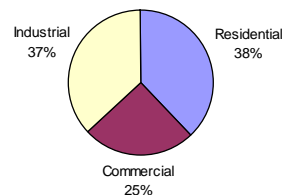
Energy efficiency is not conservation by curtailment - it's doing more with less, using less energy to have the same or better services and comfort. It's doing things a little bit smarter. If you would like to learn more about energy efficiency please visit our Web site www.energy.ky.gov or call our office.

In 2006 Kentucky consumed 88.7 billion kWh of electricity, of this amount 50 percent supplied the industrial sector, 29 percent supplied the residential sector and the remaining 21 percent supplied the commercial sector. The resulting sales generated over \$4.81 billion in revenues with the industrial sector contributing 37 percent of the revenues, the residential sector contributing 38 percent and the commercial sector contributing the remaining 25 percent.

KY Electric Use by Sector - 2006
Total 88.7 billion kWh



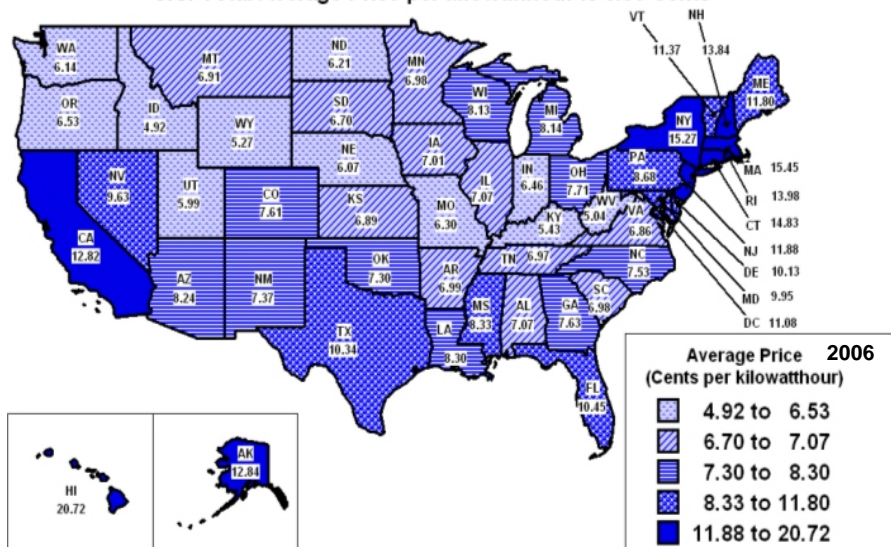
KY Electric Revenue by Sector - 2006
Total \$4.81 billion



Total electric use in Kentucky has grown approximately 45 percent since 1990, about 2.7 percent per year. Total electric use in the U.S. has grown 35 percent since 1990, or about 2.1 percent each year.

U.S. Total Average Price per kilowatthour is 8.90 Cents

The 2006 average price for electricity in Kentucky was 5.43 cents per kWh. This price is 39 percent below the national average. Kentucky's average price is ranked fourth lowest in the nation following ID, WV and WY.

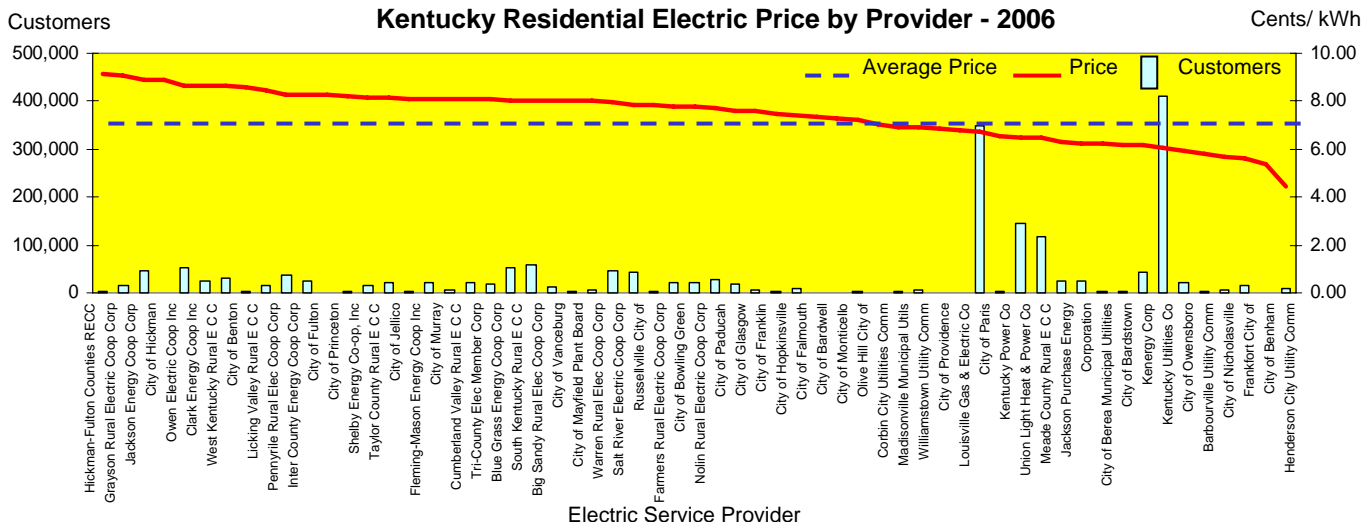


Nationally, Kentucky is ranked 4th lowest for both residential price and industrial price. Kentucky's average commercial price is the 9th lowest in the nation at 6.4 cents per kWh.

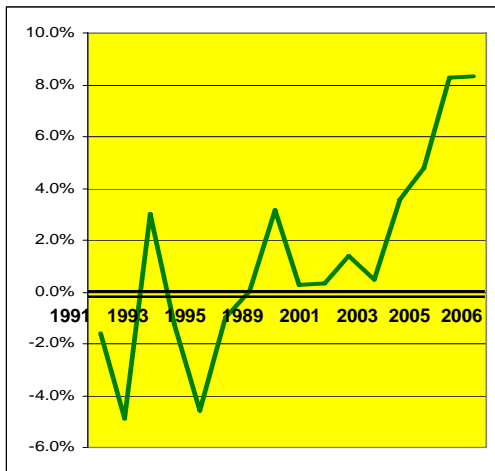
Electric Prices 2006

Electric Price Cents/kWh	Residential	Commercial	Industrial	Average
US Average	10.4	9.5	6.2	8.9
Kentucky	7.0	6.4	4.0	5.4
Variance	-33%	-32%	-34%	-39%

Kentuckians enjoy low electricity prices but prices are not uniform across the Commonwealth. Average residential price ranged from 9.2 cents per kWh to 4.4 cents per kWh in 2006. The average residential price was 7.02 cents per kWh. Because of this variance some customers may find energy efficiency a better value than other customers.



KY Annual Average Price
Percentage Change 1991-2006



The average price of electricity for all sectors in Kentucky has risen each year since 2000. Between 2000 and 2006, the average price of Kentucky's electricity has increased nearly 30%. The year-to-year price increase in 2005 and 2006 was over 8 percent.

KY Electric Prices 2000 and 2006

Year Cents/kwh	Residential	Commercial	Industrial	Average
2000	\$ 5.47	\$ 5.14	\$ 3.01	\$ 4.18
2006	\$ 7.02	\$ 6.44	\$ 4.05	\$ 5.43
Variance	28.3%	25.1%	34.4%	29.7%

The 2005/2006 annual price increase for electricity in the residential sector was 6.9 percent, in the commercial sector it was 7.1 percent and in the industrial sector it was 12.4 percent. These increases are driven by many factors that include higher fuel costs, increased demand, new generating plants, new transmission requirements and environmental compliance costs.

KY Electric Prices 2005 and 2006

Year Cents/kWh	Residential	Commercial	Industrial	Average
2005	\$ 6.57	\$ 6.01	\$ 3.60	\$ 5.01
2006	\$ 7.02	\$ 6.44	\$ 4.05	\$ 5.43
Variance	6.9%	7.1%	12.4%	8.3%

Kentucky is an energy intensive state because of its historically low energy costs. Nationally, Kentucky is ranked third in energy intensity (kWh per customer), about 55 percent higher than the national average, and this is principally driven by our industrial sector. Kentucky's industrial sector energy intensity is 427 percent higher than the national average. Because of Kentucky's low energy prices, we tend to attract large, energy-intensive industries (e.g. fewer customers using lots of power).

Electric Intensity 2006

Energy Intensity - 2006 kWh/customer	Residential	Commercial	Industrial	All Sectors Average
KY	13,659	65,514	7,018,800	40,427
US Average	11,035	75,688	1,331,348	26,138
IN	11,913	71,705	2,586,822	34,512
Variance from US	24%	-13%	427%	55%
Variance from IN	15%	-9%	171%	17%

Our residential sector energy intensity is 24 percent higher than the national average and our commercial sector energy intensity is 13 percent below the national average. For comparison, Indiana's residential energy intensity is only 15 percent higher than the national average.

Top Ten Energy-Intensive
States 2006
kWh per customer

1	WY	48,707
2	DC	48,275
3	KY	40,427
4	AL	37,257
5	LA	36,260
6	SC	34,804
7	IN	34,512
8	TN	33,913
9	MS	32,623
10	WV	32,384
	US	26,138

Electric Prices 2006

Electric Price per Sector - 2006 (cents/kWh)	Residential	Commercial	Industrial	All Sectors Average
KY	7.02	6.44	4.05	5.43
US Average	10.40	9.46	6.16	8.90
IN	8.22	7.21	4.95	6.46
Variance from US	-33%	-32%	-34%	-39%
Variance from IN	-15%	-11%	-18%	-16%

Low electric prices and high energy use result in relatively high electric bills for Kentucky's customers. Kentucky's electricity prices are 15% lower than Indiana's, yet our residents paid only 2% less on their electric bills. Kentucky's average residential electric price is 33% less than the national average but the average residential bill is only 16% below the national average.

Electric Bills by Sector 2006

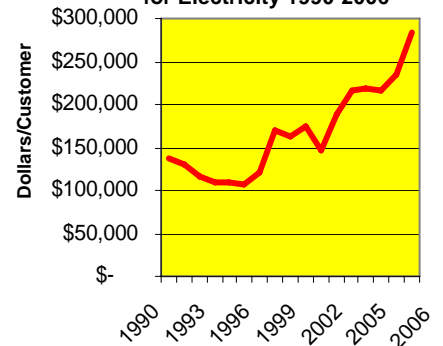
Electricity Bill per Sector - 2006 Dollars/Customer	Residential	Commercial	Industrial	All Sectors Average
KY	\$ 959	\$ 4,216	\$ 284,258	\$ 2,194
US Average	\$ 1,148	\$ 7,158	\$ 82,027	\$ 2,325
IN	\$ 980	\$ 5,172	\$ 128,025	\$ 2,230
Variance from US	-16%	-41%	247%	-6%
Variance from IN	-2%	-18%	122%	-2%

With upward pressure on price and strong demand, electric bills for Kentucky customers have increased. Between 2000 and 2006 average electric bills for the residential sector increased by 32 percent, for the commercial sector by 37 percent and for the industrial sector by 93 percent.

KY Electric Bills by Sector 2000 and 2006

Electricity Bill per Sector - 2000/2006 Dollars per Customer	Residential	Commercial	Industrial	All Sectors Average
2000	\$ 724	\$ 3,085	\$ 147,048	\$ 1,616
2006	\$ 959	\$ 4,216	\$ 284,258	\$ 2,194
Variance from 2000	32%	37%	93%	36%

KY Average Industrial Expenditures for Electricity 1990-2006



For more information, contact John Davies or Greg Guess, Governor's Office of Energy Policy:

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Internet: www.energy.ky.gov Gregory.Guess@ky.gov

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